Current Developments issued October 1, 2009 reported briefly on the Westchester County Clerk’s new web-based Property Records Electronic Portal (“PREP”) System. Every document presented to the Westchester County Clerk’s Office for recording in its Division of Land Records on and after January 1, 2010 must be accompanied by an electronic cover page and, when applicable (such as when a deed, lease or easement is being recorded), by certain other forms (“Tax Forms”) which are to be completed in and printed from PREP. The web site for PREP is http://prep.westchesterclerk.com.

The Tax Forms required to be generated in PREP include the New York State Department of Taxation and Finance’s “Combined Real Estate Transfer Tax Return, Credit Line Mortgage Certificate and Certification of Exemption from the Payment of Estimated Personal Income Tax” (Form “TP-584”), and the New York State Board of Real Property Services “Real Property Transfer Report” (Form “RP-5217”). It is understood that the “Real Estate Transfer Tax Return Supplemental Schedules” (Form TP-584.1) to Form TP-584 will be generated by PREP when required for the transaction in question.

The County Clerk has advised that “in exceptional circumstances only our office will accept RP-5217 and TP-584 forms which were not created on the PREP System. However, the circumstances must be exceptional and outlined in a written request to our office”.

Form IT-2663, the “Nonresidential Real Property Estimated Income Tax Payment Form”, is not completed in PREP. Mount Vernon and Yonkers transfer tax returns, for instruments transferring an interest in real property in those Cities, will as of a later date be completed in PREP.
A PREP generated form can be marked with cross-outs and corrections so long as the changes have been initialed by the necessary parties, the form has been edited in PREP to incorporate the changes, and both the unsigned, corrected form printed from PREP and the executed form with the cross-outs and the corrections are presented at the same time to the County Clerk’s Office.

The title company submitting a document for recording in the Division of Land Records will typically prepare the electronic cover page. When required for the document being submitted for recording, it can also on request prepare the Tax Forms in PREP, for its applicable service charge. However, when Tax Forms are prepared in PREP by other than the submitting title company, the Tax Forms must be “assigned” in PREP to that title company in advance of closing to enable the cover page to be prepared. Without the Tax Forms being “assigned” in PREP, the submitting title company will not be able to prepare the cover page and submit the related instrument for recording.

Timely submission for recording is necessary to avoid being assessed interest and penalties on any New York State Transfer Tax that is due. That transfer tax must be paid within fifteen days of the date of the transfer or interest and penalties will be charged.

Commencing December 18, 2009, when a document is delivered to First American for recording in Westchester County’s Division of Land Records and the document requires the submission of Tax Forms, First American must receive executed Tax Forms generated in PREP and be “assigned” the Tax Forms in that system in advance of closing.

There is a link to a PREP Test System on the web page referenced above.

Please contact the Underwriter assigned to the transaction in advance of closing.

Michael J. Berey, General Counsel
No. 118. December 7, 2009
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